

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)
FILING OF KENTUCKY FRONTIER) CASE NO. 2012-00523
GAS, LLC D/B/A EAST KENTUCKY)
UTILITIES, INC.)

ORDER

On March 11, 2005, in Case No. 2005-00032,¹ the Commission approved rates for East Kentucky Utilities, Inc. ("East Kentucky") and provided for their further adjustment in accordance with East Kentucky's Gas Cost Adjustment ("GCA") clause. On August 15, 2005, Kentucky Frontier Gas, LLC assumed operation of the system. The company continues to do business as East Kentucky.

On November 30, 2012, East Kentucky filed its proposed GCA effective January 1, 2013.

East Kentucky proposes that the Commission allow it to utilize an Actual Adjustment ("AA") in calculating its GCA.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. East Kentucky's proposal to use an AA in calculating its GCA is reasonable and should be approved.

¹ Case No. 2005-00032, Application of East Kentucky Utilities, Inc. for Approval of the Proposed Increase in Rates (Ky. PSC Mar. 11, 2005).

2. East Kentucky's notice includes revised rates designed to pass on to its customers its expected change in gas costs.

3. East Kentucky's notice sets out an Expected Gas Cost ("EGC") of \$5.3654 per Mcf, which is an increase of \$1.2736 per Mcf from its previous EGC of \$4.0918 per Mcf.

4. East Kentucky's notice sets out a current quarter AA of \$.0216 per Mcf. East Kentucky's total AA is (\$.6545) per Mcf, which is an increase of \$.0406 per Mcf from the previous total AA of (\$.6951) per Mcf.

5. East Kentucky's GCA is \$4.7109 per Mcf, which is an increase of \$1.3142 per Mcf from the previous rate \$3.3967 per Mcf.

6. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for service rendered by East Kentucky on and after January 1, 2013.

IT IS THEREFORE ORDERED that:

1. East Kentucky's proposal to use an AA is granted.

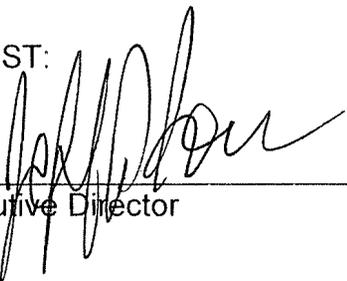
2. The rates in the Appendix to this Order are approved for service rendered on and after January 1, 2013.

3. Within 20 days of the date of this Order, East Kentucky shall file with this Commission its revised tariffs setting out the rates authorized herein and reflecting that they were approved pursuant to this Order.

By the Commission

ENTERED
DEC 12 2012
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2012-00523 DATED DEC 12 2012

The following rates and charges are prescribed for the customers served by East Kentucky Utilities, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

| | <u>Base Rate</u> | <u>Gas Cost Recovery Rate</u> | <u>Total</u> |
|-----------------------|------------------|---------------------------------------|--------------|
| First Mcf – Min. bill | \$10.00 | \$4.7109 | \$14.7109 |
| All Mcf | \$5.2553 | \$4.7109 | \$9.9662 |

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